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FM AMEMBASSY BANDAR SERI BEGAWAN
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C O N F I D E N T I A L BANDAR SERI BEGAWAN 000022

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TAGS: [ECON](#) [PGOV](#) [PREL](#) [PTER](#) [BX](#)
SUBJECT: BRUNEI: TERRITORIAL DISPUTES WITH MALAYSIA REMAIN
UNRESOLVED

Classified By: John McIntyre, Deputy Chief of Mission.
Reasons 1.4 (b and d).

Territorial Disputes with Malaysia Remain Unresolved

1. (U) Poloff and Deputy Chief of Mission (DCM) on 21 January met with Pg Datin Shazainah Pd Sharifuuden, the acting director of Policy Planning in the Brunei Ministry of Foreign Affairs and Trade, and Garry Ramlee, a research officer in Policy Planning, for an update on territorial disputes between Brunei and Malaysia. Shazainah said Brunei's territorial disputes with Malaysia are negotiated between the Malaysian and Bruneian foreign ministries and not at the high commissioner level. She said His Majesty the Sultan and the Malaysian Prime Minister have annual consultations on the disputes. With regard to the dispute over Limbang-a border town between Sarawak, Malaysia and Temburong, Brunei-Shazainah said some locals in Limbang wish for Bruneian citizenship, and some locals have even kept their Bruneian identity cards issued before the dispute arose. With regard to the maritime dispute over Block J and Block K-blocks referred to as Block L and Block M by Malaysia-Shazainah said negotiations are ongoing and will remain strictly bilateral. Shazainah said the Malaysian Government and Bruneian Government currently have cordial relations, and she expects any new Malaysian leadership to extend the same hospitality.

Brunei Shell Petroleum Offers More Insight

2. (C//NF) Poloff and DCM on 22 January were given a tour of the Brunei Shell Petroleum (BSP) compound with David Purvis, the Technical Director of BSP's Head Office in Seria. Purvis said oil accounts for 90 percent of the government's total export earnings and 93 percent of that oil is supplied by BSP. When asked about the amount of Brunei's oil reserves, Purvis gave three estimates: Brunei has five to ten years of what reserves are known; twenty years with reserves BSP has explored in addition to known reserves; and thirty years with known reserves and the ongoing reserve exploration efforts of all oil companies in Brunei. Purvis said BSP in 2006 received permission from the Bruneian Government to explore areas just south of what Brunei calls Block J; BSP will begin offshore drilling in this area beginning 1 March. Purvis said BSP has explored alternative sources of energy but found that Brunei has neither consistent wind for wind energy nor sufficient sunlight intensity for solar technologies.

3. (C//NF) Purvis said BSP can only offer advice on the maritime dispute and not otherwise intervene because it is handled by government officials. (Note: Shell International has interests in both Brunei and Malaysia so they are carefully treading this issue. End Note) Purvis said many

industry experts believe that Brunei's territory as stipulated in the Exclusive Economic Zone (EEZ) is a conservative estimate; Purvis said Brunei should actually receive more territory. BSP had hoped that the Bruneian Government would take the maritime dispute to the International Court of Justice (ICJ) but this did not happen.

Comment

¶4. (C//NF) Shazainah provided few updates on the territorial disputes, suggesting that negotiations with the Malaysian Government probably remain at a deadlock. The Bruneian Government likely will continue to negotiate bilaterally to avoid a larger international venue. However, since BSP will begin exploring an area near Malaysian territory on 1 March, Malaysia could force claim and raise stakes if oil is found. Brunei's oil reserves are finite and the government has made public claims to diversify its economy but has had little success to date.

TODD